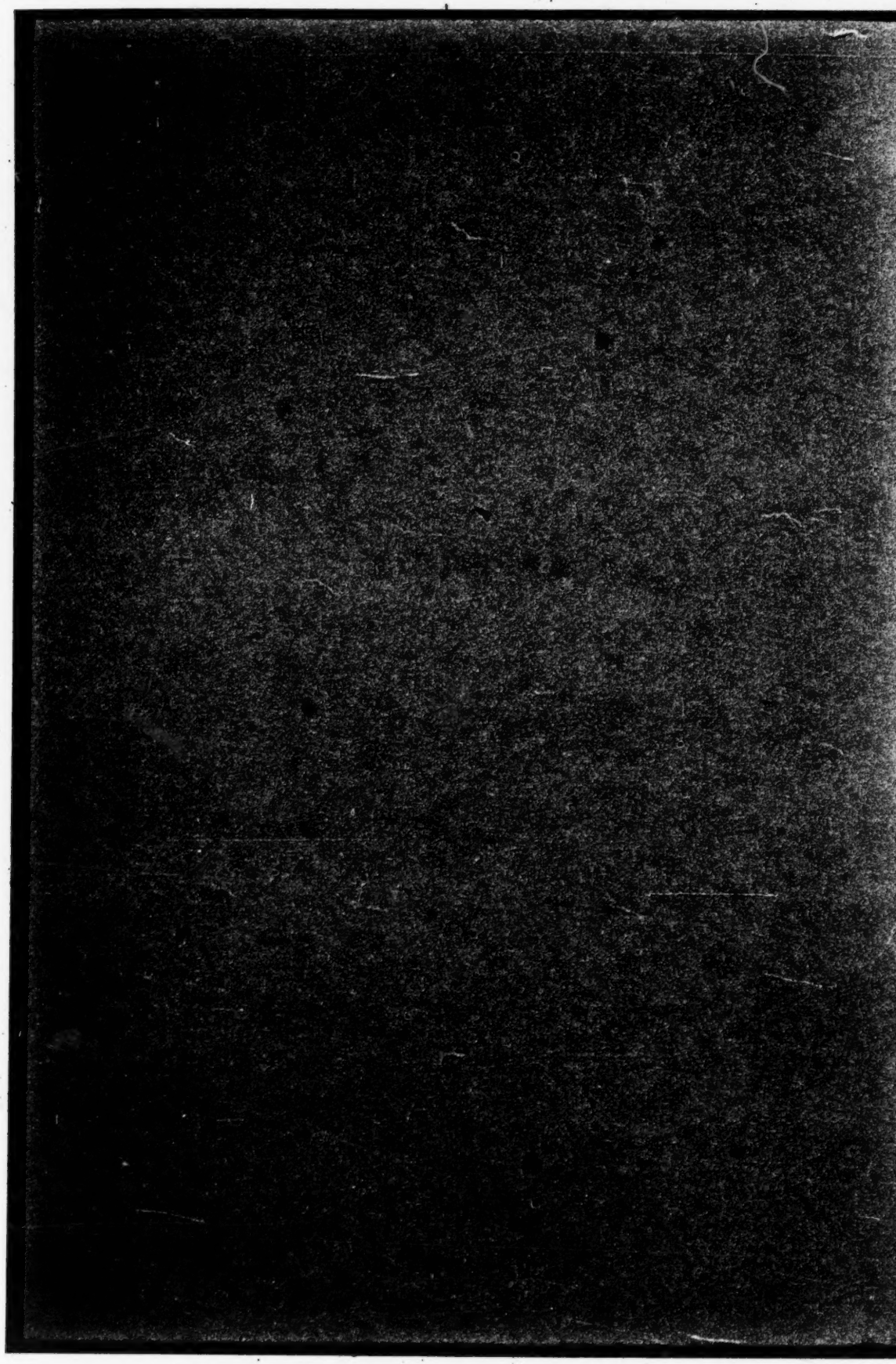

APPENDIX

THE EFFECT OF THE ILLINOIS SCHOOL REVENUE SYSTEM IN CURRENT USE

In order to demonstrate specifically the operation of the Illinois school financing scheme, this Appendix compares the funding potential of four unit school districts, Monticello and Brookport, with respective per pupil tax bases of $114,000 and $3,000,[1] and Model Districts A and B, with respective per pupil tax bases of $40,000 and $10,000:[2]

(1) The initial source of revenue is a local property tax computed at a tax rate set by each local school district, subject to the 4.0% maximum limit for unit districts established by Ill. Rev. Stat. ch. 122, § 17-3 (1967).[3] Assuming that both districts place equal value upon quality education and elect to tax at 1%, the following chart illustrates the resultant local funds.

	tax base per pupil	tax rate	funds per child
Monticello	$114,000	1%	$1,140
Brookport	$ 3,000	1%	$ 30
Model District A	$ 40,000	1%	$ 400
Model District B	$ 10,000	1%	$ 100

Because of the statutory limitation on tax rate, Brookport, no matter how highly it values education, is prevented from raising more than $120 per pupil from local revenues for current expenditures, while District B can raise only $400.

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[1] The figures used herein are taken from the TASK FORCE REPORT at 115 (Table 17).

[2] Monticello and Brookpart are the extremes; the bulk of pupils live in districts with a range of per pupil tax bases between Model Districts A and B.

[3] Illinois law also equalizes the *rate* at which property values may be assessed throughout the State. Ill. Rev. Stat. ch. 120, §§ 627 *et seq.* (1967).

(2) An additional source of revenue is the State flat grant, which provides $54.05 per high school pupil to each district maintaining a high school ($47 per elementary school student). Since all four districts are unit districts, the following chart will show the effect of the flat grant on high school revenues [4]:

	local funds raised under (1)	State grant under (2)	total per high school pupil (1) plus (2)
Monticello	$1,140	$54.05	$1,194.05
Brookport	$ 30	$54.05	$ 84.05
Model District A	$ 400	$54.05	$ 454.05
Model District B	$ 100	$54.05	$ 154.05

Thus, each district receives $54.05 regardless of the relative wealth of each.

(3) Additionally, the State has adopted an "equalizer" grant system which assures each district of $400 per pupil if it taxes itself at a qualifying rate of 1%. The following chart shows how the qualifying rate is applied and the equalizer grant computed.

	tax base	theoretical tax rate	theoretical amount locally raised	State flat grant	sub-total	State "equalization" grant
Monticello	$114,000	1%	$1,140.00	$54.05	$1,194.05	$ 0
Brookport	$ 3,000	1%	$ 30.00	$54.05	$ 84.05	$315.95
Model District A	$ 40,000	1%	$ 400.00	$54.05	$ 454.05	$ 0
Model District B	$ 10,000	1%	$ 100.00	$54.05	$ 154.05	$245.95

Thus, regardless of the rates at which they tax, Brookport will receive $315.95 per pupil from the State in equalization grants, District B will receive $245.95, and Monticello and District A will receive nothing.

[4] Similar results will be obtained when revenue available for elementary school purposes is computed and the $47 flat grant is used.

The total amount of State aid is computed by adding the flat and equalizer grants. Thus, Brookport receives yearly per pupil grants of $370.00 ($315.95 under (3) plus $54.05 under (2)), District B receives $300.00 ($245.95 under (3) plus $54.05 under (2)); whereas Monticello and District A receive $54.05 (nothing under (3) plus $54.05 under (2)).

As the following charts show, property-poor districts cannot, by making equal or even significantly greater efforts, achieve access to funds equal to those available in wealthy districts:

	total state grants	tax base	local tax rate	local funds	total funds
Monticello	$ 54.05	$114,000	1%	$1,140	$1,194.05
Brookport	$370.00	$ 3,000	1%	$ 30	$ 400.00
Model District A	$ 54.05	$ 40,000	1%	$ 400	$ 454.05
Model District B	$300.00	$ 10,000	1%	$ 100	$ 400.00

Thus, where both districts are making equal efforts the total funds available to Monticello are nearly three times those available to Brookport. Further, Brookport is limited in its access to funds regardless of the rate at which it chooses to tax. The problem is illustrated by assuming Brookport and District B to tax at the maximum rate allowed by the State, and Monticello and District A, to tax significantly below that rate:

	total state grants	tax base	local tax rate	local funds	total funds
Brookport	$370.00	$ 3,000	4.0%	$ 120	$ 490.00
Monticello	$ 54.05	$114,000	1.0%	$1,140	$1,194.05
Model District A	$ 54.05	$ 40,000	2.0%	$ 800	$ 854.05
Model District B	$300.00	$ 10,000	4.0%	$ 400	$ 700.00

Brookport and Model District B, taxing themselves at the maximum allowed (4%), can under no circumstances raise as much per pupil, regardless of the value they place upon good schools, as Monticello and Model District A taxing themselves at substantially lower rates.